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November 1980

Industrial Distribution

Hotline:
Slow end to recession seen, but PA's remain optimistic

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Computers in the 80s

Also in this issue:
John Kenneth Galbraith on small business

Industrial Distribution

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Indicators...

Sales of industrial supplies and equipment rose in August in the midwest, west and south, but dropped in the east, according to the *NIDA-SIDA Industrial Distribution Index*. The national figure of 134.2 put the seasonally adjusted, two-month moving average 3.1 points (2.2%) below the year-before level. . .The *NIDA-SIDA Inflation Index* for August stood at 133.2, up 0.3 points (0.2%) from July and 14.4 points (12.1%) from the year-before figure. Regional sales, comparing August to month-before and year-before levels were: east, 137.8, down 3.5% and 0.4%; midwest, 118.5, up 2.1% and down 9.5%; west, 171.1, up 4.2% and 5.9%; south, 140.9, up 2.1% and 6.4%. . .The *ASMMA New Order Index* stood at 198.6 up 1.1 points (0.6%) from July but down 61.6 points (23.6%) from August 1979. . .*FRB Durable Manufacturing Index* was at 128.4 in August, up 0.8 points. . .The *SIDA Monthly Sales Trend Report* had a 0.8% increase in July-to-August sales and a 3.4% drop in August 1979 to August 1980 sales. Sales in the first eight months of 1980 compared to the same period for 1979 had a 5.62% improvement. . .The National Welding Supply Assn.'s *Welding Supply Index* slipped in August for the fourth straight month, dropping 3.3% in August from 136.7 to 132.2. The reading is still 10% above the year-before level. . .The *Quick Pulse Index* of the National Assn. of Aluminum Distributors rose 3.2 points (2.8%) in August to 115.2, 0.6 points, (0.5%) below August 1979. . .The *Wholesale Hardware Index* of the National Wholesale Hardware Assn. was 15.1 (7.4%) below July and 18.3 points (8.1%) below August 1979. . .New orders for machine tools in August totaled $222.6 million, 48% below the year-before level and 27% lower than July, according to estimates by the National Machine Tool Builders' Assn. Machine tool shipments were 8% higher in August than the year-before figure, reaching $309 million. . .Key indicators of the economy rose 1.9% in August after revised increases of 3.7% in July and 1% in June. The Commerce Dept.'s *Index of Coincident Indicators*, rose 0.2% in August. □

SBA beefs up program of management guidance

WASHINGTON—A network of Small Business Development Centers is expanding around the country to help small businessmen with their management problems and give them professional information and guidance.

The grass-roots approach to small-business problem-solving was started by the Small Business Administration. Two new centers were added this fall in Alabama and Massachusetts, bringing to 16 the number established nationally.

The SBDC program uses university systems to keep small businesses alerted to current management techniques. It operates in much the same way the U.S. Dept. of Agriculture's University Cooperative Extension Service does in educating farmers about recently developed techniques. □

THE END OF THE TOOL BOX.

If you sell tools, you should be selling Platt tool cases. It's replacing the tool box.

Why? The tool box is obsolete. Tools are hard to find. They get lost. Dirty.

With a Platt tool case, that doesn't happen. There's a patented one-piece pallet with pockets for each tool. Tools can be picked out and replaced without searching. The man who uses tools can do his work quickly and more efficiently.

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So, call or write Mike Platt for more information on how to become a Platt tool case distributor.

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August sales took a nosedive

The recession cut more deeply into distributor sales in August than in any of the preceding months, according to *Regional Report* respondents.

Overall, sales were down 2% from July and 8% from August 1979, indicating the depth of the drops. Also, specialist respondents appeared to be worst hit — down 5% and 10%, respectively.

Regionally, the most red ink was found in the east north central states, particularly when compared to the year-before figures. Even so, the combined figures for specialists and general liners in every region but west south central showed drops in that category.

What was happening in August?

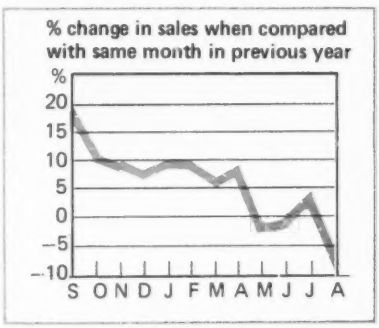
Following the announcement of July's 11.3% increase in new orders for durable goods, it appeared as if the bottom had been hit in this downturn, in terms of industrial activity.

That index had last increased in January. However, a similiar burst in new orders did not follow in August, according to the Commerce Dept. Orders actually declined 2.3%, while shipments fell by 0.1%, following July's 4.7% increase.

The outlook remains one of a slowly building economy, one with a long way to go. As a result, many distributors may be faced with lower sales, in terms of dollar volume, this year than last. □

RECEIVABLES*	August '80 Gen.	August '80 Spec.	August 79 Gen.	August 79 Spec.
New England	42.7	39.1	42.1	39.4
Middle Atlantic	40.9	40.5	38.0	43.9
South Atlantic	34.9	34.5	34.9	37.0
East North Central	40.4	41.2	37.3	37.5
East South Central	39.9	38.8	42.8	39.5
West North Central	41.6	41.8	42.0	45.8
West South Central	38.9	39.1	37.5	37.6
Mountain	43.2	40.1	47.1	41.0
Pacific	36.7	41.8	40.7	41.1
National	39.9	39.7	40.3	40.3

*Average days outstanding



Sales volume dropped to 8% below that of a year before, showing hard times prevail . . .

SALES BY REGIONS (% change)	Aug '80 vs. July '80 Gen.	Spec.	Both	Aug '80 vs. Aug '79 Gen.	Spec.	Both	8 mos. '80 vs. 8 mos.'79 Gen.	Spec.	Both
NEW ENGLAND: Conn., R.I., Mass., Vt., N.H., Me.	–6	2	3	–1	–5	–2	5	10	7
Connecticut	–12	4	–4	–3	–2	–3	1	11	6
Massachusetts	–8	–1	–4	–4	–8	–5	9	10	9
MIDDLE ATLANTIC: N.Y., N.J., Pa.	–5	1	–2	–4	–9	–6	8	7	8
New York Metropolitan Area	1	–11	–6	5	–15	–6	11	7	9
Upstate New York	–15	–13	–14	–6	–5	–6	8	6	7
Pennsylvania	1	28	15	–9	–6	–8	3	7	5
SOUTH ATLANTIC: Del., D.C., Md., Fla., Ga., N.C., S.C., Va., W.Va.	–2	–10	–5	–10	–3	–8	5	6	5
Georgia-Florida	14	–7	3	9	–1	4	12	8	10
EAST NORTH CENTRAL: Ohio, Ind., Ill., Mich., Wis.	2	–8	–2	–16	–15	–16	–4	1	–2
Indiana	1	4	3	–4	–7	–6	–1	–2	–1
Wisconsin	–10	–5	–8	–22	–18	–20	6	5	6
Chicago	10	–14	–2	–13	–17	–15	–4	3	–1
Michigan	11	–16	–3	–21	–17	–19	–13	2	–7
Ohio	–4	–10	–6	–18	–18	–18	–8	–3	–7
EAST SOUTH CENTRAL: Ala., Miss., Ky., Tenn.	7	–19	–3	–1	–28	–12	–1	2	1
WEST NORTH CENTRAL: Minn., N.D., S.D., Iowa, Neb., Kans., Mo.	18	–9	–3	–28	–18	–22	–14	6	–4
WEST SOUTH CENTRAL: Ark., La., Okla., Tex.	3	3	3	3	17	11	11	16	14
Texas	12	2	5	6	10	9	10	5	7
MOUNTAIN: N.M., Ariz., Colo., Utah, Nev., Wyo., Mont., Idaho	–12	–10	–11	–23	–18	–21	9	–2	4
PACIFIC: Calif., Ore., Wash.	–3	–7	–5	1	–15	–8	16	3	10
L.A.-San Diego	–11	–5	–7	5	–18	–9	28	4	14
Oregon-Washington	5	–8	–1	–2	–13	–7	5	1	3
U.S. TOTALS	–1	–5	–2	–7	–10	–8	4	4	4